

**CITY OF BATTLE CREEK, MICHIGAN**

**GUIDELINES**

**FOR**

**REVIEWING AD VALOREM  
PROPERTY TAX EXEMPTIONS  
FOR CORPORATIONS**

## **ASSESSOR'S REVIEW AD VALOREM PROPERTY TAX EXEMPTIONS**

Pursuant the Michigan General Property Tax Law and the Battle Creek City Charter, the City Assessor is responsible for completing the annual assessment roll and determining the properties subject to taxation. As part of this duty, the City Assessor grants or denies exemption requests. In reviewing exemptions requests, the City Assessor considers Michigan law and court decisions.

<b>PLEASE NOTE:</b>
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| <ol style="list-style-type: none"><li>1. An organization does not qualify for a property tax exemption just because it is structured to be a nonprofit organization.</li><li>2. An organization's income tax status does not affect or predetermine the taxable status of its property under the Michigan general property tax law.</li><li>3. The exemption claimant must meet certain criteria to be eligible for a property tax exemption under Michigan law.</li><li>4. While a 501(c)(3) ruling from the Internal Revenue Service may indicate an organization is charitable, religious, scientific or educational, it does not by itself determine eligibility for a property tax exemption.</li></ol> |
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**Application Process:**

1. Applicant files a request for exemption using the Property Tax Exemption Request form. Forms can be obtained by calling the Battle Creek City Assessor's Office at 269-966-3369 or by accessing FORMS from our web site at [www.battlecreekmi.gov](http://www.battlecreekmi.gov), search for "property tax exemption for corporations"
2. Applicant identifies the type of exemption it is requesting
  - a. Library
  - b. Charitable
  - c. Educational
  - d. Scientific
  - e. Religious
3. Applicant must own the property for which it is requesting an exemption. Proof of ownership must be provided if the applicant isn't shown as owner on the Assessor's current records. Proof of ownership includes a copy of a deed or land contract.
4. Applicant must attach a copy of its bylaws and articles of incorporation to the exemption request form.
5. Applicant must answer the questions on the form about how the property is occupied and used, the services provided, the criteria for receiving service, the benefits received, how the services are paid, and what happens to the property if the institution dissolves.

### **Exemption Review – Michigan Law and Court Decisions**

The Michigan Constitution provides for exemption of property owned and occupied by nonprofit religious or educational organizations and used for religious or educational purposes.

Michigan law provides for various exemptions for charitable, religious, educational and scientific nonprofit organizations. Property tax exemptions are found in General Property Tax Law at 211.7 (real property) and 211.9 (personal property).

In addition to reviewing Michigan law, the City Assessor considers court decisions when determining eligibility for exemption. The following test is used to determine eligibility:

1. The real estate must be owned and occupied by the exemption claimant.
2. The exemption claimant must be a library, charitable, educational or scientific, or religious institution.
3. The claimant must have been incorporated under the laws of this state or any other state in the U.S.
4. The exemption exists only when the building and the property it's on are occupied by the claimant solely for the purposes for which it was incorporation.

### **Consultation with City Attorney**

The City Attorney is available to both the Assessor and the Board of Review for advice and counsel about exemption issues.

### **Criteria for Exemption**

1. Does the applicant own the property for which it is requesting an exemption?
  - Is the applicant requesting exemption for land and attached buildings or structures (real property)?
  - Is the applicant requesting an exemption for its furniture, fixtures and equipment (personal property)?
2. Does the applicant physically use the property solely for its incorporated purposes?
  - Does the applicant occupy a building on the property or is it vacant land?
  - If vacant land, how are is the applicant occupying and using the land?
  - Is the land held for a future building site or for future development?
  - Does the actual use of the property match the purposes listed in the applicant's Articles of Incorporation?

- Does the applicant occupy and use 100% of the property under consideration? If not, who occupies the remaining portion of the property?
- 3. Did the applicant legally occupy having a physically use of or a regular presence on the property for exempt purposes?
- 4. Is the applicant a nonprofit religious, charitable, educational or scientific organization?
- 5. If the applicant is a nonprofit religious organization, is the property a church or parsonage?
  - If the property is a church, does the applicant hold regular religious services at the property that are open to the public without restriction or discrimination as to race, color or creed?
  - If the property is a parsonage, does the applicant's ordained minister occupy and use the property as his/her personal residence?
- 6. If the applicant is a nonprofit charitable organization does it benefit an indefinite number of persons either by:
  - Bringing their minds or hearts under the influence of education or religion?
  - Relieving their bodies from disease, suffering or constraint?
  - Assisting them to establish themselves for life?
  - Erecting or maintaining public buildings or works, or otherwise lessening the burdens of government?
- 7. If the applicant is a nonprofit charitable organization does it provide a gift that benefits an indefinite number of persons?
  - Does it provide its gift without restriction as to the ability to pay?
  - Does it provide its gift without discrimination as to race, color or creed?
- 8. If the applicant is a nonprofit educational organization, does it fit into the general scheme of education provided by the state and supported by public taxation?
  - If the organization didn't exist would the burden on the state to provide an educational system be appreciably increased?
  - Does the applicant's activities sufficiently relieve the government's educational burden?
- 9. If the applicant is a nonprofit scientific organization, is its work done in the public interest?
  - Does its activities serve to advance knowledge?
  - Does its work substantially relieve the burden of government in producing scientific research or information?

10. Did the applicant clearly establish its right to an exemption? If the applicant didn't clearly establish its right, the Board must rule in favor of the taxing unit and deny the exemption.
11. Does the applicant qualify under Michigan law?
  - Real property exemptions are found in General Property Tax Law at 211.7.
  - Personal property exemptions are found in General Property Tax Law at 211.9.
12. Does the applicant qualify based on Michigan court decisions? [see memorandum from City Attorney]

#### **Notification and Appeal Process**

1. The Assessor sends a letter to the applicant letting it know if the exemption was granted or denied. If denied, the letter includes a brief reason for the denial. The letter also includes instructions for appealing the decision.
2. Official assessment change notices are mailed no later than fourteen (14) days before the 1st day of appeals for the March Board of Review. If a property is no longer exempt, the change notice will show the current values and the appeal process.
3. Applicants must first appeal to the March Board of Review. For properties classified as commercial real or personal, industrial real or personal, developmental real, or utility personal the applicant may appeal directly to the Michigan Tax Tribunal by May 31<sup>st</sup>. Appeals can be done in person or by letter. Applicants must be prepared to support their request for exemption under Michigan law.
4. If the March Board of Review denies the exemption, the next step is an appeal to the Michigan Tax Tribunal. The deadline for filing an appeal is June 30<sup>th</sup> each year for residential and agricultural classed properties and May 31<sup>st</sup> for commercial, industrial, developmental, and utility classed properties.

**EXCERPT FROM BATTLE CREEK CITY CHARTER  
CHAPTER 8: TAXATION**

***(DUTIES OF ASSESSOR AND BOARD OF REVIEW)***

**Section 8.1. Power, Limitation, and Subjects of Taxation.** The City shall have the power to assess taxes and to levy and collect rents, tolls, and excises. Exclusive of any levies authorized by law to be made beyond Charter tax rate limitations, the annual ad valorem tax levy shall not exceed 1.16 percent of the assessed value of all real and personal property in the City. The subjects of ad valorem taxation for Municipal purposes shall be the same as for State, County and school purposes under the general law. Except as otherwise provided by this Charter City taxes shall be assessed, levied, collected, and returned in the manner provided by statute. No exemptions from taxation shall be allowed except as expressly required or permitted by law.

**Section 8.2. Assessment Roll.** Between tax day and the first meeting of the Board of Review in each year, the City Assessor shall make and complete an assessment roll in the manner and form provided in the general tax law.

**Section 8.3. Board of Review.** Five resident electors who are freeholders, appointed by the City Commission for five-year staggered terms, shall constitute the Board of Review of the City. One shall be appointed each year to a term commencing the following January 1. The present members thereof shall continue their present terms. One of the Board members to be chosen annually by a majority of the Board shall act as Chairman. The City Assessor shall act as Secretary to the Board but shall not be entitled to vote, and shall be responsible for keeping a record of all proceedings, which shall be preserved for five (5) years. Three members shall constitute a quorum. Their compensation shall be fixed by the City Commission. The Board shall meet at the City Hall on the second Monday in March each year and continue in session at least five (5) days and until its work is completed as required by law. (April 6, 1970)

**Section 8.4. Notice of Meeting.** The Assessor shall cause notice to be published approximately one week prior to the time of the meeting of the Board of Review in one newspaper circulated in the City stating the time and place of the meeting of the Board of Review and the objects for which it will meet, but a failure to give such notice shall not invalidate the tax.

**Section 8.5. Duties and Procedure of Board of Review.** The Board of Review shall have power to correct or amend said assessment roll and to increase or decrease any assessment or valuation of taxable property, may strike therefrom any property wrongfully listed, or add any property rightfully taxable, either on its own motion or at the request of any person. Any person considering himself aggrieved by reason of any assessment may complain thereof either verbally or in writing to said Board. The Board may establish reasonable regulations for the conduct of its hearings, require the filing of a brief written memorandum of the arguments by those appealing to it, require any appellant to appear in person or in writing not later than the second day of its sessions, and otherwise provide for expediting its work. The concurrence of a majority of the membership of said Board shall be necessary to decide any question. The Assessor shall make any changes, additions, or corrections to said roll directed by the Board of Review. Thereupon said Board shall complete and adopt the roll and a majority thereof shall endorse the same as provided by law. When so endorsed said roll shall be conclusively presumed by all courts to be valid and shall not be set aside except for causes mentioned in the general laws. The omission of the endorsement or any other formality herein prescribed shall not affect the validity of the roll. A summary report of the assessment roll shall be delivered to the City Commission by the Assessor immediately thereafter.

**Section 8.6. Assessment of Taxes.** The Assessor shall take said roll, thus completed and adopted, and prepare a "City Tax Roll" by spreading thereon ratably to each person or property assessed the funds required to be raised by property taxation by the terms of the annual appropriation resolution adopted by the City Commission or by the terms of other valid procedures.

**Section 8.7. Warrant.** Upon delivering said City tax roll to the City Treasurer, the Assessor shall annex thereto a warrant over the signatures of the Assessor and Mayor, with the seal of the City affixed, commanding the Treasurer to collect from the several persons named in said roll the several sums mentioned therein and enforce payment as provided herein or by general law.



**CITY OF BATTLE CREEK, MICHIGAN**  
**OFFICE OF THE CITY ASSESSOR**

**PROPERTY TAX EXEMPTION REQUEST**

**REQUESTED EXEMPTION:**

Property Type (check applicable):

- Real Property      Parcel No(s). \_\_\_\_\_
- Personal Property      Parcel No(s). \_\_\_\_\_

Property Location: \_\_\_\_\_

Current Use of Property: \_\_\_\_\_

Organization or Church: \_\_\_\_\_

Mailing Address: \_\_\_\_\_

Contact Person: \_\_\_\_\_ Phone No: \_\_\_\_\_

**TYPE OF EXEMPTION REQUESTED:** (check any/all that apply)

- Library
- Charitable
- Educational
- Scientific
- Religious

**MICHIGAN TAX TRIBUNAL FOUR-PART TEST:**

1. The real estate or personal property must be owned, occupied and used by the exemption claimant. **Note: Tax day is December 31<sup>st</sup> of the prior year for each tax year.**
2. The exemption claimant must be a library, charitable, educational, scientific, or religious institution.
3. The claimant must be incorporated under the laws of the State of Michigan or any other state in U.S.
4. The exemption exists only when the buildings and other property thereon are occupied by the claimant solely for the purpose for which it is incorporated.

**ATTACH COPIES OF THE FOLLOWING TO THIS FORM:**

1. Articles of Incorporation

2. Organization's By-Laws, if any.
3. Copy of deed or land contract showing ownership (if assessing records do not match applicant's name)
4. Internal Revenue Service Code 501(c)(3) status
5. Internal Revenue Service Code 990, 990n, 990ez

**ADDITIONAL INFORMATION: (answer all questions)**

How will the property be occupied on December 31st?

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Was the use approved by local zoning and/or building authorities?

- Yes
- No

Is any part of this property rented or occupied by someone other than the exemption claimant?

- Yes
- No

If yes, list the names of tenants or occupants, and rent paid below:

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What services are or will be provided at this location?

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What are the criteria for receiving services from your organization?

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What are the benefits your clients/customers receive?

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How are the services paid for?

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What is the fee schedule for your services? Do you have a sliding fee schedule based on income? [Please attach copies of your fee schedule.]

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What happens if a person seeking your services has no way of paying?

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How do your services relieve the "burden of government" in providing like services?

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What other exempt property does your organization have located in the City of Battle Creek?

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In the event of dissolution, to whom would the property revert?

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\_\_\_\_\_  
\_\_\_\_\_

**CERTIFICATION:**

I hereby certify the preceding statements are true and correct.

Signed \_\_\_\_\_ Date \_\_\_\_\_

Name \_\_\_\_\_ Phone \_\_\_\_\_

Position with Organization or Church \_\_\_\_\_

**FILING REQUEST:**

In order for the Assessor to review your application for the next year's assessment roll, it must be filed no later than January 16. You will be notified in writing of the Assessor's decision and your appeal rights to the local Board of Review.

If you are unable to meet the January 16 deadline, you must file your application prior to the adjournment of the March Board of Review. This Board meets during the second week in March, each year. The Board can act on your exemption request and you are protecting your right to appeal their decision. You will be notified in writing of the Board's decision.

Mail or deliver your application to:

City Assessor Room 112, City  
Hall 10 N. Division St.  
Battle Creek, Michigan 49014

If you need help or have questions, please call:

(269) 966-3369